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Cattle Market Update

For the Week Ending September 18, 2015

All prices are quoted in Canadian dollars per hundredweight (\$/cwt) unless otherwise stated.

Saskatchewan Feeder Steer and Feeder Heifer Prices (\$/cwt)

Feeder Steers		300-400	400-500	500-600	600-700	700-800	800-900	900+ lb.
Sept. 18/2015	Average	\$381.17	\$346.67	\$327.25	\$292.50	\$280.25	\$263.63	\$252.28
Sept. 18/2015	Range	360-406	329-382	302-349	281-306	272-291	257-275	244-261
week/week	Change	\$15.17	\$1.34	\$10.25	-\$1.75	\$0.00	-\$0.75	\$6.78
Sept. 11/2015	Average	\$366.00	\$345.33	\$317.00	\$294.25	\$280.25	\$264.38	\$245.50
Feeder Heifers		300-400	400-500	500-600	600-700	700-800	800+ lb.	
Sept. 18/2015	Average	\$329.17	\$311.25	\$289.00	\$266.75	\$259.70	\$244.38	
Sept. 18/2015	Range	311-348	294-328	275-300	255-278	248-266	237-253	
week/week	Change	\$11.50	N.A.	N.A.	N.A.	\$2.45	\$1.38	
Sept. 11/2015	Average	\$317.67	N.A.	N.A.	N.A.	\$257.25	\$243.00	

Source: CanFax

Note: Prices are determined from Saskatchewan auction marts' reports of sale results from Thursday of the previous week to Thursday of the current week. N.A. means not available due to lack of sufficient data.

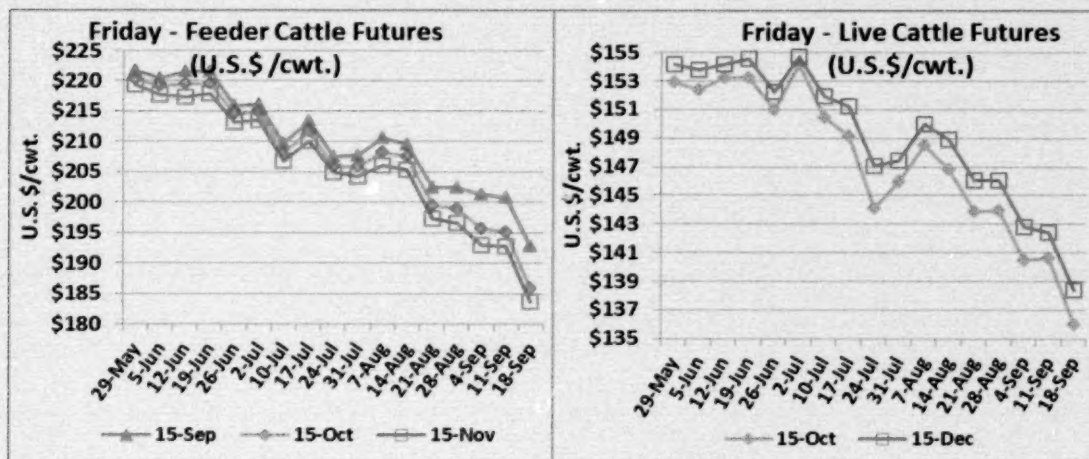
Canfax reported that a total of 8,604 head of cattle were sold in Saskatchewan this week, up from 4,772 head marketed the previous week. Feeder cattle price ranges in most weight categories reported were narrower than the previous week.

Saskatchewan feeder steer prices over the week were mixed but overall higher. Prices from the previous week ranged from \$1.75 per cwt lower to \$15.17 per cwt higher. The 600-700 lb. feeder steer weight category declined the most losing \$1.75 per cwt, while the light weight 300-400 lb. weight category had the biggest gains increasing \$15.17 per cwt. Saskatchewan cash feeder prices did considerably well considering the downward pressure on the feeder and live cattle futures markets over the week.

Saskatchewan feeder heifer prices only had week-over-week comparisons for the 300-400 lb., 700-800 lb., and 800+ lb. weight categories. Feeder heifer prices over the week in these categories were higher increasing between \$1.38 per cwt and \$11.50 per cwt. The light weight 300-400 lb. weight category had the biggest gains over the week increasing \$11.50 per cwt.

The Saskatchewan 750 lb. feeder steer basis compared to the September 17, 2015, U.S. feeder cattle index at US\$200.02 per cwt was calculated at **+\$15.88** per cwt (US\$200.02/0.7566-\$280.25), a basis narrowing (improvement) of \$7.57 per cwt from the basis of **+\$8.31** per cwt the previous week. This was the fourth week in a row that Saskatchewan cattle had a positive basis.

Feeder cattle futures prices were volatile over the week with big losses on Wednesday leading prices considerably lower, week-over-week. The September to November 2015, feeder cattle futures contracts declined between US\$7.900 per cwt and US\$9.275 per cwt, week-over-week. The October contract declined US\$9.275 per cwt to settle Friday at US\$185.825 per cwt. Spring contracts had larger declines with the May 2016 feeder cattle futures contract declining US\$9.925 per cwt to settle Friday at US\$186.100 per cwt.



Source: CME

Source: CME

Live cattle futures prices were also lower over the week with bigger losses on Wednesday to end the week lower, week-over-week. The nearby October contract declined the most at US\$4.600 per cwt to settle Friday at US\$136.000 per cwt, while the December contract declined US\$4.000 per cwt to settle Friday at US\$138.375 per cwt. Spring contracts all declined over US\$4.000 per cwt.

Iowa cash corn prices were steady week-over-week increasing one cent to settle on Friday at US\$3.41 per bushel. Corn futures prices were higher Monday but then trended lower for the remainder of the week to end lower, week-over-week. The September corn futures contract increased almost five cents Monday to expire at US\$3.79 per bushel. The December corn futures contract declined almost ten cents over the week to settle Friday at \$3.77¼ per bushel.

Fed and Non-fed Cattle

	September 18, 2015	September 11, 2015	Change over Week
<u>Steers (Alberta)</u>			
Live	N/A	\$180.10	N/A
Rail	N/A	\$294.50-298.50	N/A
<u>Cows (Alberta)</u>			
D1,2 Live	\$134.00	\$136.13	-\$2.13
D3 Live	\$121.13	\$124.38	-\$3.25
Rail	\$255-260	\$255-260	N/C

Source: Canfax. (n/a = not available, n/c = no change)

Prices for liveweight, non-fed cattle in Alberta were again lower over the week. For the week, D1,2 slaughter cows declined \$2.13 per cwt to average \$134.00 per cwt, while the price of D3 slaughter cows declined \$3.25 per cwt to average \$121.13 per cwt.

Fed cattle prices in Western Canada for Alberta fed steers were not reported for the week. Prices the previous week of September 11 were reported to average \$180.10 per cwt for the week, up \$0.62 per cwt from \$179.48 per cwt the previous week (Sept. 4).

The live (FOB feedlot) weighted average 5-area (Texas/Oklahoma/New Mexico, Kansas, Nebraska, Colorado and Iowa/Minnesota) weekly fed steer price in the U.S. was reported at US\$135.07 per cwt, down US\$4.11 per cwt from US\$139.18 per cwt the previous week, and down 13.8 per cent from US\$156.74 per cwt the same week a year ago. The dressed (delivered basis) price for U.S. steers delivered to plants in the 5-area was reported at US\$213.25 per cwt, down US\$5.87 per cwt from US\$219.12 per cwt the previous week, and down 12.9 per cent from US\$244.74 per cwt the same week a year ago.

On September 18, 2015, the United States Department of Agriculture (USDA) released the monthly *Cattle on Feed Report* for September 1, 2015.

September 1, 2014 and 2015, Cattle on Feed (in U.S. feedlots with 1,000+ capacity)			
	2014	2015	Per cent of previous year
On feed August 1	9,752,000	10,002,000	102.6
Placed during August	1,725,000	1,632,000	94.6
Marketed during August	1,692,000	1,588,000	93.9
Other disappearance during August	66,000	60,000	90.9
On feed September 1	9,719,000	9,986,000	102.7

Source: USDA

The USDA Cattle on Feed (COF) report indicated that the number of cattle placed on feed in August 2015 was 1.632 million head, down 5.4 per cent from 1.725 million head in August 2014, but up 5.5 per cent from 1.547 million head in July 2015. The number of fed cattle marketed in August 2015 was 1.588 million head, down 6.1 per cent from 1.692 million head in August 2014, and down 8.6 per cent from 1.725 million head marketed in July 2015. The August cattle placements were almost six per cent below the average trade estimates (100.3) while the cattle marketed in August were slightly above the average trade estimates (93.8). The cattle on feed for September 1, 2015 were estimated at 9.986 million head, 2.7 per cent above the September 2014 inventory numbers, but slightly below the August 2015 numbers. The average trade estimates were one per cent higher than the September 1 cattle on feed numbers (103.7). The numbers in the report had some variations to the trade estimates with the biggest difference of almost six per cent less cattle placed in August 2015 than the average trade estimates. The lower August placements will likely be viewed as bullish. Though, the higher September cattle on feed numbers (+2.7 per cent) from a year ago, along with heavier carcass weights will bring higher beef production down the road.

Choice beef cutout prices (600-900 lb.) averaged US\$231.77 per cwt over the week, down US\$6.67 per cwt or 2.8 per cent from US\$238.44 per cwt the previous week, and down 5.9 per cent from US\$246.23 per cwt the same week a year ago.

Beef production for the week ending September 19 was estimated at 482.8 million lb., up 15.3 per cent from 418.9 million lb. the previous shorter holiday week, and up 3.1 per cent from 468.3 million lb. the same week a year ago. Cattle slaughtered over the week were estimated at 576,000 head, up 15.0 per cent higher from 501,000 head the previous shorter holiday (Labor Day) week, and up 0.3 per cent from 574,000 head the same week a year ago.

Friday Price Information

Product		This Week (Sept. 18, 2015)	Week of: (Sept. 11, 2015)	Week of: (Sept. 19, 2014)
Canadian Dollar (closing rate US\$)		.7566	.7545	.9135
U.S. Cash Cattle				
Thurs. Feeder Cattle (FC) Index (US\$ per cwt)		200.02	205.18	230.28
Seven-day Weighted Average FC Index Wt. (lb.)		762	771	754
Live Fed 5-area Steer Price (US\$ per cwt)		135.07	139.18	156.74
Feed Grains				
Barley	Lethbridge (\$/tonne)	N.A.	N.A.	164.00
	(\$ per bu.)	N.A.	N.A.	3.57
Corn	Iowa State Average (CDN\$/tonne)*	174.43	177.40	132.30
	(US\$ per bu.)	3.41	3.40	3.07
	Omaha, NE (CDN\$/tonne)*	184.72	184.71	152.13
	(US\$ per bu.)	3.55	3.54	3.53
Futures				
Sept. Corn (US\$ per bu.)*expiry		3.79	3.74½	3.31½
Dec. Corn (US\$ per bu.)		3.77¼	3.87	3.44¼
October Live Cattle (US\$ per cwt)		136.000	140.600	155.625
December Live Cattle (US\$ per cwt)		138.375	142.375	158.700
September Feeder Cattle (US\$ per cwt)		192.800	200.700	230.600
November Feeder Cattle (US\$ per cwt)		183.625	192.800	226.325

Sources: Bank of Canada, Iowa Department of Agriculture and Land Stewardship, Chicago Mercantile Exchange (CME), ICE Futures Canada and USDA Livestock & Grain Market News

* conversion to CDN\$ is based on Friday's CDN\$ closing rate (This week it is Thursday's CDN\$)

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